APPENDIX.

1.

Carroll's Kentucky Statutes (1936) Sections 2741L-1, 2741L-2 and 2741L-5.

"§2741L-1. **Second, third, fourth, fifth and sixth class cities may acquire, operate and maintain waterworks and sewerage system.**—That cities of the second, third, fourth, fifth and sixth class whether organized under the general law or special charter law, and including such cities where the commission form of government has been adopted, are hereby authorized and empowered to purchase, establish, erect, maintain and operate water works and/or sewerage system, and necessary appurtenances thereto, within or without the corporate limits under the provisions of this Act, for the purpose of supplying such city or town and inhabitants thereof with water and/or sewerage system."

"§2741L-2. **Bond issue; ordinance to be adopted.**—For the purpose of defraying the cost of acquiring any such water works and/or sewerage system, either by purchase or construction, and appurtenances or extensions thereto, such city may borrow money and issue negotiable bonds, provided no such bonds shall be issued unless and until authorized by an ordinance specifying the proposed undertaking, the amount of bonds to be issued and the maximum rate of interest such bonds are to bear, which shall not be more than six per cent (6%) per annum."

"§2741L-5.—**Negotiable instruments; tax free; sale of bonds; delivery in part of purchase price; net interest yield; payable only from water revenues.**—Any and all such bonds shall have and are hereby declared to have in the hands of bona fide holders all of the qualities of negotiable instruments under the law merchant, and shall not be subject to taxation. In case any of the officers whose signatures or counter signatures appearing on the bonds or coupons shall cease to be such officers before the delivery of such bonds, such signatures or counter signatures shall nevertheless be valid and sufficient for all purposes the

same as if they had remained in office until such delivery. Such bonds shall be sold in such manner and upon such terms as the common council or board of commissioners shall deem for the best interests of such city, or any contract for the purchase or acquisition of any water works may provide that payment thereof shall be made in such bonds. In no event shall any bonds be negotiated on a basis to yield more than six per cent. Such bonds when issued shall be payable solely from the revenue funds derived from such water works as provided in § 27411-9 hereof and shall not constitute an indebtedness of such city within the meaning of the constitutional provisions or limitations. It shall be plainly stated on the face of each bond that same has been issued under the provisions of this act and it does not constitute an indebtedness of such city within the meaning of any constitutional provisions or limitations."

2.

Carroll's Kentucky Statutes (1936)
Sections 3720b-1 and 3720b-3.

"**§3720b-1. Requirements of a negotiable instrument.**—An instrument to be negotiated must conform to the following requirements:

(1) It must be in writing and signed by the maker or drawer.

(2) Must contain an unconditional promise or order to pay a sum certain in money.

(3) Must be payable on demand or at a fixed or determinable future time.

(4) Must be payable to the order of a specified person or to bearer; and

(5) Where the instrument is addressed to a drawee, he must be named or otherwise indicated therein with reasonable certainty."

"**§3720b-3. Unqualified order is unconditional.**—An unqualified order or promise to pay is unconditional within the meaning of this act, though coupled with it:

(1) An indication of a particular fund, out of which reimbursement is to be made, or a particular account to be debited with the amount; or

(2) A statement of the transaction which gives rise to the instrument.

But an order or promise to pay out of a particular fund is not unconditional."

3.

Kentucky Revised Statutes (1953) 356.016.

"**356.016 Delivery; when effectual; when presumed.**— Every contract on a negotiable instrument is incomplete and revocable until delivery of the instrument for the purpose of giving effect thereto. As between immediate parties, and as regards a remote party other than a holder in due course, the delivery, in order to be effectual, must be made either by or under the authority of the party making, drawing, accepting, or endorsing as the case may be; and in such case the delivery may be shown to have been conditional or for a special purpose only, and not for the purpose of transferring the property in the instrument. But where the instrument is in the hands of a holder in due course, a valid delivery thereof by all parties prior to him so as to make them liable to him is conclusively presumed. And where the instrument is no longer in the possession of a party whose signature appears thereon, a valid and intentional delivery by him is presumed until the contrary is proved."